

REMARKS

The rejections under 35 U.S.C. § 103 of claims 1-50 in the Office Action dated January 19, 2006 as being unpatentable over U.S. Patent No. 4,674,044 ("Kalmus") are respectfully traversed for the reasons discussed below. Reconsideration and withdrawal of the rejections are respectfully requested.

At page 5 of the Office Action, starting on the last line, the Examiner equates the following disclosure in Kalmus with "reserve quantity" as claimed in claim 1:

Orders not executable, i.e., orders not qualified, are either stored in memory in the processor 10 for later execution if they become qualified (such as by a favorable change in the market price for a security which can then accommodate the customer's price limits) or are forwarded to other market makers for potential execution... (Col. 5, lines 15-22)

The Applicant respectfully disagrees that the quoted passage, or anything else in Kalmus, discloses a reserve quantity as claimed in claim 1.

Not intending to be bound by any rigid definition of reserve (which is not independently claimed as an invention in this application), the Applicant points out that the application discusses reserve in the following context:

A trader of interests such as stocks, bonds, commodities or commodities contracts may want to buy or sell such interests without immediately revealing in the relevant market the full extent of his or her intentions. For example, the disclosure to the market of the entire size of a purchase or sale order or quotation could affect the market by skewing the price. In such instances, traders may want to disclose only a portion of the full size of their intended trade to the market, and to withhold disclosing to the market the remaining portion of the intended trade (such withheld portion being known as a "reserve") until such time as the disclosed portion of the order or quotation has been executed. (Page 1, lines 17-25.)

Nothing in Kalmus discloses an order or quotation having both a portion that is disclosed to the market and a portion that is not. Kalmus describes that orders are qualified or not

qualified, and that an unqualified order can later be qualified. In either case, a qualified order is not, and an unqualified order is not, a “total desired trade of interests” the terms of which comprise “an initial quantity” that is disclosed as a term of a first proposed trade, and a “reserve quantity” that is not disclosed as a term of the first proposed trade, as claimed in claim 1.

Further, when a Kalmus unqualified order later becomes a qualified order, the newly qualified order also is not a “total desired trade of interests” the terms of which comprise “an initial quantity” that is disclosed as a term of a first proposed trade, and a “reserve quantity” that is not disclosed as a term of the first proposed trade, as claimed in claim 1.

Still further, the combination of an unqualified order that later becomes qualified but with a changed quantity term, and the resulting newly qualified order with the quantity change cannot be viewed as a “total desired trade of interests” the terms of which comprise both “an initial quantity, and a reserve quantity,” as claimed in claim 1. For example, Kalmus does not disclose that the original quantity term in the unqualified order be disclosed and that the changed quantity in the newly qualified order not be disclosed, or *vice versa*.

Since Kalmus does not disclose a “total desired trade of interests” the terms of which comprise “an initial quantity, and a reserve quantity,” as claimed in claim 1, Kalmus cannot disclose “associating with said desired trade a reserve price change” which can be used to define a second price, as claimed in claim 1, which second price is “equal to the first price changed by said reserve price,” as also claimed in claim 1. The Examiner appears to acknowledge this on page 3 of the Office Action by his statement that “Kalmus does not explicitly disclose the limitations ‘a second price and a second quantity, said second price being equal to said initial price changed by said reserve price change, and said second quantity comprising at least a portion

of said reserve quantity.””

However, the Examiner contends that Kalmus suggests this. Applicant respectfully disagrees. The Examiner’s analysis starting near the bottom of page 3 and carrying over to page 4 of the Office Action appears to equate the quantity term in an unqualified order with a reserve quantity. As discussed above, an unqualified order does not include an initial quantity and a reserve quantity – it includes a single quantity. Also, the combination of an unqualified order that later becomes qualified but with a changed quantity term and the resulting newly qualified order cannot be viewed as a “total desired trade of interests” the terms of which comprise “an initial quantity, and a reserve quantity,” as claimed in claim 1. As pointed out above, Kalmus does not disclose that the original quantity term in the unqualified order be disclosed and that the changed quantity in the newly qualified order not be disclosed, or *vice versa*.

Claim 1 also refers to two proposed trades, and that upon acceptance of a first proposed trade, disclosing the terms of a second proposed trade. For the sake of argument, assume that Kalmus’ unqualified and qualified orders to be the first and second proposed trades, respectively, in claim 1. In Kalmus, only qualified orders can be accepted. However, upon acceptance of a Kalmus qualified order, terms of a proposed second trade are not disclosed. Therefore, if a Kalmus qualified order corresponds to a first proposed trade, then there is nothing in Kalmus that corresponds to the second proposed order, as claimed in claim 1. On the other hand, a Kalmus unqualified order cannot be considered as a proposed first trade because a Kalmus unqualified order cannot be accepted.

Thus, there is nothing in Kalmus that suggests the method claimed in claim 1, and claim 1 is allowable over Kalmus.

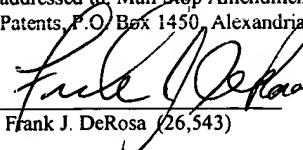
The Examiner rejected independent claims 16, 18, 33, 34, 39, 41 and 46 using the same art and rational as used to reject claim 1. It is submitted that Applicant's reasoning above for distinguishing claim 1 from Kalmus is applicable at least in part to independent claims 16, 18, 33, 34, 39, 41 and 46, and that these claims are also allowable over Kalmus.

The Examiner provided specific reasons for rejecting dependent claims 2-15, 17, 19-22, 24-32, 35-38, 40, 42-46 and 47-50. Applicant will not separately argue allowability of the subject matter of each of these independent claims at this time, (but reserves the right to do so) because each dependent claim incorporates the subject matter of an independent claim, and therefore would be allowable based on the allowability of the respective independent claim. In so not arguing, Applicant does not acquiesce in the rejection of the dependent claims on the grounds advanced by the Examiner.

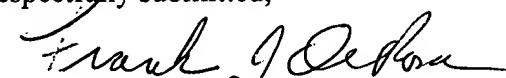
It is respectfully submitted that the application is in allowable condition with claims 1-50, and reconsideration and allowance of the application with those claims are respectfully requested.

Dated: May 19, 2006

I hereby certify that this correspondence is being deposited this date with the U.S. Postal Service as First Class Mail addressed to: Mail Stop Amendment, Commissioner for Patents, P.O. Box 1450, Alexandria VA 22313-1450


Frank J. DeRosa (26,543) May 19, 2006
Date

Respectfully submitted,



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